

## A RESOLUTION

### State Health Benefit Plan Employer Contribution Rates in Fiscal Year 2011; Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit

WHEREAS, the State Health Benefit Plan is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employees (O.C.G.A. § 45-18-2), 2) a plan for teachers (O.C.G.A. § 20-2-891), and 3) a plan for non-certificated public school employees (O.C.G.A. § 20-2-911); and

WHEREAS, pursuant to O.C.G.A. §§ 20-2-891(c), 20-2-918(b) and 45-18-12(b) the Commissioner of the Department of Community Health is permitted to combine the three funds supporting the three plans (together, the “State Health Benefit Plan” or “SHBP”) in order to pay benefits due under any of the plans; and

WHEREAS, O.C.G.A. § 45-18-14 provides for the Board of Community Health (the “Board”) and the Governor to establish the rate that each department, board and agency of the executive and judicial branches of state government shall contribute to the health insurance fund for State employees as their portion of the cost of benefits payable under that plan (the “State Employee Plan Employer Contribution Rate”); and

WHEREAS, the General Assembly approved a maximum State Employee Plan Employer Contribution Rate for July 1, 2010 – June 30, 2011 of 22.165% of total salaries for Fiscal Year 2011, which Rate is the same as the maximum Rate established in the original Appropriations Act for Fiscal Year 2010; and

WHEREAS, O.C.G.A. § 20-2-892 provides for the Board and the Governor to establish the rate that each local school system, library, and RESA shall contribute to the health insurance fund for teachers as their portion of the cost of benefits payable under that plan (the “Teachers’ Plan Employer Contribution Rate”); and

WHEREAS, the General Assembly approved a maximum Teachers’ Plan Employer Contribution Rate for July 1, 2010 – June 30, 2011 of 18.534% of state-based salaries for local school systems and RESAs and 18.534% of total salaries for libraries for Fiscal Year 2011, which Rate is the same as the maximum Rate established in the original Appropriations Act for Fiscal Year 2010; and

WHEREAS, O.C.G.A. §§ 20-2-920 provides for the Board to establish the amount of contributions that must be paid by the Department of Education and local school systems to the health insurance fund for non-certificated public school employees; and

WHEREAS, SHBP Regulations § 111-4-1-.02 (2)(d) provides “2. The State Department of Education Employer Contribution Rate for the Public School Employee Health Insurance Fund may be a dollar amount as identified in the Appropriations Act. 3. The local school system Employer Contribution Rate for the Public School Employee Health Insurance Fund may be a

dollar amount per Enrolled Member and shall be remitted to the Administrator on a monthly basis;" and

WHEREAS, the General Assembly has approved a maximum annual contribution from the Department of Education in the amount of \$30, 261,983.00 for Fiscal Year 2011, which amount is \$55,954,094.00 less than the maximum amount approved by the General Assembly in the original Appropriations Act for Fiscal Year 2010; and

WHEREAS, local school systems have established their budgets for Fiscal Year 2011 based on the maintenance of the Non-Certificated Employee Plan Employer Contribution of \$162.72 per member per month; and

WHEREAS, on a combined basis, the maximum State Employee Plan Employer Contributions and Teachers' Plan Employer Contributions and the continued local school system per member per month contribution of \$162.72 for non-certificated public school employees, are not sufficient to pay benefits expected to be payable under the State Health Benefit Plan through June 30, 2011; and

WHEREAS, in order to address the projected deficit, the Board and the Governor desire to collect the State Employers' Plan Contribution and Teachers' Plan Contribution at a higher rate in the first quarter of Fiscal Year 2011 and collect the entire Department of Education lump sum contribution in the first quarter of Fiscal Year 2011; and

WHEREAS, when a deficiency has been projected under the announced employer contribution rates, it is necessary to adjust employee contributions, benefit structure or reserves in order to deal with the contingency; and

WHEREAS, as a result of the Fiscal Year 2010 reductions in employer contributions to the SHBP, there are no reserves available to address the projected deficit;

NOW, THEREFORE, LET IT BE ORDERED THAT the State Employee Plan Employer Contribution Rate shall be 25.586% of total salaries for the first quarter of Fiscal Year 2011; and

NOW, THEREFORE, LET IT BE ORDERED THAT the Teachers' Plan Employer Contribution Rate shall be 21.955% of state-based salaries for local school systems and RESAs and 21.955% of total salaries for libraries for the first quarter of Fiscal Year 2011; and

NOW, THEREFORE, LET IT BE ORDERED THAT the annual Department of Education contribution amount shall be \$30,261,983.00, payable during the first quarter of Fiscal Year 2011; and

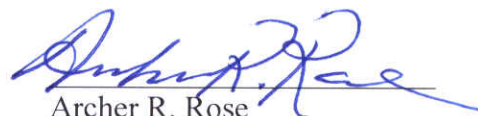
NOW, THEREFORE, LET IT BE ORDERED THAT the per member per month rate of contribution from local school boards shall be continued at the rate of \$162.72 for the entire Fiscal Year 2011; and

NOW, THEREFORE, LET IT BE ORDERED THAT the Commissioner shall take all actions he deems necessary and appropriate to address the projected deficit.

Resolved this 10th day of June, 2010, in public session.

A handwritten signature in blue ink, appearing to read "Richard L. Holmes".

Richard L. Holmes  
Chairman

A handwritten signature in blue ink, appearing to read "Archer R. Rose".

Archer R. Rose  
Secretary to Board